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### CHINESE CLAIM INCREASE IN ONE SECTOR OF LIGHT INDUSTRY



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Office of Research and Reports

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CHINESE CLAIM INCREASE IN ONE SECTOR  
OF LIGHT INDUSTRY

Fragmentary reports of shortages of consumer goods and rising prices in Communist China earlier this year indicated that light industry in 1962 might be operating even below the low level of 1961. Subsequent official statements and a recent claim for output of the products of light industry made from industrial raw materials now make it appear likely that the total output of light industry will increase slightly in 1962.

Light industry is divided into two sectors, that using as raw materials such agricultural and subsidiary products as cotton, tobacco, oilseeds, and sugar and that using industrial items -- mainly chemicals and metal and mineral products -- as raw materials. The former normally accounts for roughly 80 to 85 percent of the gross value of output of light industry, and the latter for the remaining 15 to 20 percent.

The only official statement on the total production of light industry made thus far appeared in an editorial in Ta Kung Pao on 26 August. This editorial made the guarded comments that output in the first 6 months of 1962 was "comparatively satisfactory," and that "most" products were produced according to planned rates. The editorial further noted, however, that supplies of agricultural and subsidiary products were "still insufficient." More significantly, official statements made on 1 October on output of light industry were confined to the industrial raw materials sector. Failure to mention the vastly more important agricultural raw materials sector implies that at best no increases are expected here.

For the smaller sector, however, Peiping has announced that the value of output from handicraft products and the products of light industry made from industrial raw materials increased by one-third in the first 8 months of 1962 compared with the corresponding period of 1961. 1/ Although such a statement must be treated with caution in

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the light of past experience with spurious claims of production increases from Peiping, it is certainly helpful during the current period of industrial retrenchment when official reporting on aggregate levels of output is almost nonexistent and when information from other sources is frequently inconclusive and contradictory.

Available evidence is not sufficient to confirm or refute this claimed increase. Such an increase for those products of light industry made from industrial raw materials, however, is plausible in view of the high priority assigned to light industry as a whole and is not inconsistent with scattered reports of local production.

People's Daily on 21 February reported "a general increase in the amount of industrial raw materials allocated to light industry by the state during 1962." The daily added that the raw materials to be allocated would go first to the more efficient producers and for products most in demand so as to insure increases in output with the maximum impact. A month later, Premier Chou En-lai, in announcing 10 major tasks for the year, told the National People's Congress that development of light industry was to be the immediate priority after agriculture during 1962. On 27 March, Kuang-ming Daily stated editorially that "industrial chemical, mineral, and metal materials supplied to light industry have increased in quantity," and on 26 August an editorial in Ta Kung Pao reported general improvement in the supply of industrial raw materials to light industry.

There have been numerous press reports of local increases in output of various products of light industry. Practically all the items cited are products made from industrial raw materials, and the claimed increases were in some instances sizable. For example, NCNA reported on 21 May that in Tientsin output of matches, tennis shoes, and aluminum pots had increased by more than 30 percent, alarm clocks and thermos bottles by about 50 percent, and bicycles by more than 80 percent in comparison with output in the same period in 1961. <sup>2/</sup> Liaoning is reported to have produced 28,000 more bicycles and 1 million more enamelware items from January through May, <sup>3/</sup> and, in Wuhan, production of enamelware, glassware, leather products, radio sets, sewing

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machines, clocks, and watches all were said to have increased "greatly" as of July. 4/ NCNA reported on 24 September that the national output of plastic shoe soles in the first half of 1962 had exceeded output in all of 1961. 5/

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Furthermore, reports from refugees disclose the conversion of some heavy industrial plants to production of consumer goods. [REDACTED]

[REDACTED] in March 1962 workers were put to turning out household cauldrons and small tools. 6/ [REDACTED]

[REDACTED] in March 1962 part of the labor force was employed producing pots and pans from aluminum materials, 7/ and [REDACTED] since late 1961 many factories in that city have begun production of the more badly needed articles for household use. 8/

Accepting tentatively, therefore, Peiping's claim of an increase of more than 30 percent in output from the industrial raw material sector of light industry and barring a decline in the sector using agricultural raw materials, total light industrial output would be roughly 5 percent higher in the first 8 months of this year compared with the same period in 1961.

Anniversary Day statements reported a "slight gain" in the summer harvest in 1962 in comparison with that in 1961 but contained no indication as to whether or not gains were made in crops which could and would be channeled into light industry. On the whole the indications so far are that agricultural production has at best increased only slightly thus far in 1962 and that there is little prospect of any significant increase in supplies of agricultural raw materials for light industry through the rest of the year. Some small augmentation in output from handicraft industries is probable as a consequence of official encouragement of individual and small-scale production of basketry, brooms, and other native products. The main impetus to this production has been the permitting of peasants to sell these hand-made items on the free market.

On balance, therefore, with the total production of light industry in 1962 probably at best only slightly better than the low level of 1961, there is no prospect of immediate significant improvement in the per capita availability of basic consumer items in Communist China.

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3. NCNA, Peiping, 18 Jun 62. U.
4. Ta Kung Pao, Peiping, 1 Jun 62. U.
5. NCNA, Peiping, 4 Jul 62. U.
6. [REDACTED]
7. [REDACTED]
8. [REDACTED]

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